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Chairman: Mr. de Rojas ..... (Venezuela)

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The meeting was called to order at 3.10 p.m.

Agenda item 95: Macroeconomic policy questions (*continued*) (A/52/284, A/52/347, A/52/447-S/1997/775, A/52/460 and A/C.2/52/4)

(b) Trade and development (*continued*) (A/52/15 (Parts I and II), A/52/329, A/52/413 and A/52/459)

1. **Mr. Enkhsaikhan** (Mongolia), speaking on behalf of the 30 States making up the group of landlocked developing countries, endorsed the statement made at the 34th meeting by the representative of the United Republic of Tanzania on behalf of the Group of 77 and China, and emphasized the commendable efforts made by the United Nations Conference on Trade and Development (UNCTAD) in implementing the mandate given to it by the General Assembly and by the Conference, at its ninth session, relating to the landlocked developing countries. UNCTAD was assisting those countries in improving their transit transport conditions and preparing studies on their special needs and problems. It also made regular assessments of the implementation of internationally agreed measures and specific actions designed to address the challenges faced by those countries.

2. The landlocked developing countries were doubly disadvantaged when it came to participating in the globalizing world economy. Lack of access to the sea, remoteness from world markets and the absence of adequate transit infrastructure eroded their ability to compete in world trade. That situation also caused structural imbalances and greater difficulties in their socio-economic development. For most of those countries, transport costs were much higher than for their neighbours with access to the sea. That increased their import costs and reduced export earnings, as was apparent, *inter alia*, from freight to import ratios, which ranged between 9.1 per cent and almost 50 per cent in the landlocked developing countries. Liberalization and globalization were producing complications and problems in developing countries with structurally weak economies. The landlocked developing countries ran the risk of being further marginalized from the world economy. Some provisions of the agreements under the Uruguay Round were adversely affecting those countries. For example, the Agreement on Agriculture might lead to a rise in world prices of basic foodstuffs, which could create additional difficulties for the landlocked developing countries, since most of them were net food importers. Consequently, international support measures were required.

3. Development of transit transport infrastructure could be achieved through regional cooperation. At the North-East Asia subregional consultative meeting on transit transport cooperation, held in Mongolia in 1997, the foundations had been laid for subregional cooperation of that kind and priority areas for action had been defined, as reflected in the Ulaan Baatar Memorandum of Understanding. The development of a cost-effective and efficient transit system was of crucial importance for the landlocked developing countries. Over the years, those countries and their transit neighbours had instituted meaningful programmes of cooperation to remove administrative and physical barriers to transit transportation. To build the transit infrastructure, greater international support and assistance were required. The Meeting of Governmental Experts from Landlocked and Transit Developing Countries and Representatives from Donor Countries and Institutions, held in 1993, had brought together the main parties whose participation was indispensable for promoting cooperation to resolve the special problems of the landlocked developing countries. The third Meeting of Experts, held in New York in June 1997, had marked an important step in furthering the implementation of the Global Framework for Transit Transport Cooperation between Landlocked and Transit Developing Countries and the Donor Community. The landlocked developing countries attached special importance to the timely and effective implementation of that instrument.

4. UNCTAD served as the focal point for implementing the Global Framework. The Office of the Special Coordinator for Least Developed, Landlocked and Island Developing Countries of UNCTAD should be further strengthened with the necessary resources, both financial and human, to allow it to continue carrying out its activities effectively. It was therefore surprising that in the proposed programme budget for 1998-1999, it was proposed to abolish the D-1 post assigned to the Office of the Special Coordinator, the only post in the entire United Nations system responsible for activities relating to landlocked developing countries. Since its elimination would make it impossible for UNCTAD to discharge the mandate entrusted to it, the post should be retained and further strengthened.

5. **Mr. Crighton** (Australia), speaking on behalf of the countries members of the Cairns Group of agricultural exporting countries, said that the developed countries and developing countries which made up the Group shared a conviction that global trade and development needed to be strengthened through further liberalization of trade in agricultural products and the removal of agricultural trade restrictions and distortions. At their 17th meeting, held in

June 1997, the Ministers of the Group had noted that there were positive signs of potential for further substantial agricultural trade reform. However, although they had recognized that there had been some progress in that direction as a result of the Uruguay Round and domestic developments in major countries, especially the United States of America, they had emphasized that world trade in agricultural products remained seriously distorted and inequitable. The Cairns Group was disappointed that the negotiations being conducted in the Organisation for Economic Cooperation and Development (OECD) had not yet produced specific rules on the use of export credits relating to agricultural products. It urged all participants to make further efforts to complete that reform as soon as possible, and called on all countries to refrain from adopting measures that might destabilize international agriculture, such as export subsidies and export restrictions.

6. The Cairns Group emphasized the importance of full implementation of the World Trade Organization (WTO) Agreements on Agriculture and Sanitary and Phytosanitary Measures, and commended the work of the two WTO committees dealing with those matters. It also supported efforts to include new members in WTO, although noting that that should not take place at the price of the Organization itself, in other words, by jeopardizing the integrity of its system of rules. New members would need to comply with WTO disciplines, particularly those relating to market access, domestic support and export subsidies.

7. At the WTO Ministerial Conference held in Singapore at the end of 1996, Ministers had agreed that the WTO Committee on Agriculture would focus its work programme on analysis and information exchange. The Cairns Group welcomed the steps taken by the Committee to implement that decision. Particularly noteworthy was the broad scope of the work, which covered all the provisions of the Agriculture Agreement. The exchange of information would help identify the issues that would need to be tackled in the agriculture negotiations scheduled to begin in 1999. It was imperative that those negotiations should permit solutions to be found in the areas of export subsidies, domestic support and market access in order to place agricultural trade on the same basis as other areas of world trade. Only in that way could economic growth, development and employment in all WTO member countries be promoted while acknowledging the legitimate needs of developing countries.

8. The High-level Meeting on Least Developed Countries organized by WTO, UNCTAD, The International Trade Centre (ITC), the United Nations Development Programme (UNDP), and the Bretton Woods institutions had been an important step in integrating the least developed countries into the international trading system in order to enable them to enjoy the benefits of liberalization, and had marked the start of a process aimed at improving coordination of the trade-related technical assistance provided by those six bodies to the least developed countries. It had been reported at the High-level Meeting that those countries were facing problems relating to market access, tariff escalation and the restrictions imposed on certain products of interest to them, including agricultural products. The Cairns Group noted that much remained to be done to eliminate those barriers. The least developed countries, and indeed all countries, stood to benefit from the further liberalization of international trade and agriculture.

9. Clarifying his remarks on subsidies, he said that he in no way wished to attack or contradict the views expressed by the representative of Mongolia. The Cairns Group in no way denied the right of Governments to assist their farmers or industry; it was simply proposing that some discipline should be imposed on those support measures so that they did not have distorting effects on trade. The countries of the Group understood the particular needs of some countries and the need for Governments to make their own decisions about the kind of support measures they wished to introduce; the policies and ideas advocated by the Cairns Group in relation to world trade did not necessarily contradict that.

10. **Mr. Gerus** (Belarus) said that the international trade situation was one of the basic factors in the growth of the world economy, and pointed out that, as a result of the Uruguay Round, the international community had taken steps to establish a non-discriminatory international trade regime. The establishment of WTO was a practical step in that direction. To date, 130 States had joined the Organization; nevertheless, not all of them could take advantage of that new system of trade, because the increasing trend towards liberalization of international trade increased the vulnerability of the countries with more fragile economies, especially the least developed countries, which were marginalized from the globalization process.

11. Equitable participation in that new system of international trade could to a large extent facilitate the transition of the countries of Eastern Europe towards a market economy. Membership in WTO was one of the priorities of the foreign trade policy of many countries, but the industrialized countries needed to apply more flexible criteria with respect to new admissions. It was regrettable that the request of Belarus for membership was not being considered as promptly as would have been desirable. In June 1997 an initial examination of the report of the Government of Belarus on its foreign trade policy had taken place. Before the second examination, scheduled for

December, the Government of Belarus wished to emphasize once again the importance it attached to economic reform and to point out that it trusted the admission process would be made more flexible. Similarly, the entry into force of the Agreement signed with the European Union, which had already been ratified by the Parliaments of a number of member countries, needed to be made more flexible. His delegation urged the other States members of the European Union to speed up the domestic processes required for the entry into force of that global agreement.

12. In June 1997 the United Nations had approved two extremely important documents, namely the Agenda for Development and the Programme for the Further Implementation of Agenda 21, which indicated the steps that should be taken by Governments and international organizations to improve the international trade system. Bearing in mind the needs and interests of all States regarding the application of those provisions, it was essential during the present session to define common areas of work which should be consolidated in the text of the draft resolution on the subject. The adoption of balanced decisions at the current session would undoubtedly encourage the development of international trade and economic development in general.

13. **Ms. Figuera** (Venezuela) associated herself with the statements made by the delegation of the United Republic of Tanzania on behalf of the Group of 77 and China and by the delegation of Paraguay on behalf of the Rio Group. She added that the results of the ninth session of UNCTAD, of the WTO Ministerial Conference held in Singapore and of the Conference on Finance, Trade and Investment that had taken place in Costa Rica, as well as the adoption of General Assembly resolution 50/167, had demonstrated the political will to adopt consensus decisions on the integration and liberalization of trade. Those efforts must not be allowed to be slowed down. Venezuela rejected unilateral coercive measures that negatively affected the economies of the developing countries, because it believed them to be contrary to the basic principles of co-existence and international economic cooperation, as well as to the world consensus regarding the need to build a non-discriminatory and open trading system. Venezuela also rejected all protectionist measures based on arguments relating to employment or the environment, issues which should be dealt with in the appropriate international forums, such as the International Labour Organization and WTO.

14. There must be greater international cooperation in constructing, improving and maintaining transport and storage facilities and improving communications and the transit of goods from the landlocked developing countries, in order to facilitate their access to ports and reduce their isolation from international markets. It was important for the neighbouring transit countries to help in finding a solution to the problems besetting the landlocked countries. More than simple assistance, the developing countries required the establishment of rules and procedures guaranteeing a multilateral trade system that was open, regulated, equitable, secure, non-discriminatory, transparent and predictable. Accordingly, it was important to put into effect the Uruguay Round agreements and give special, case-by-case treatment to the developing countries. Given the impact of monetary, currency and financial policies on the economic and commercial development of all countries, it was indispensable for UNCTAD, WTO, the International Monetary Fund (IMF) and the World Bank to cooperate closely in matters affecting trade, investment and finance.

15. **Mr. Yuan Shaofu** (China) said that most of the developing countries, owing to slow economic and technological advancement and an unfavourable external economic environment, were unlikely to benefit in the short and medium term from globalization and liberalization. The least developed countries risked being further marginalized. Globalization and liberalization should therefore be preceded by the establishment of a predictable, fair and non-discriminatory multilateral trade system. That would require a new development partnership, under which the developed countries undertook to forsake all forms of protectionism, end economic sanctions and provide the developing countries with market access. Such steps should be taken in conjunction with direct investment, commercial loans, official development assistance and transfer of technology. A climate of interdependence and interaction would thus be created, in which expanded trade would allow the developing countries to pay their debts to international creditors, thereby offering further commercial opportunities to the industrialized countries. WTO should demonstrate its universality by admitting all applicants, especially developing countries, under conditions congruent with the level and requirements of their economic development, and eliminating the obstacles put up by some member States. Such exclusion militated against globalization and was harmful to international economic cooperation.

16. As the sole United Nations organ that engaged in comprehensive deliberations on trade and investment as they related to development, UNCTAD should become an organic component of the multilateral trade system and should participate in the formulation of policies in that area. It should also make better use of its comparative advantage in conducting macroeconomic analysis, foreseeing the trade and development problems that would be posed by

globalization and liberalization and guiding the developing countries to fuller participation in multilateral trade negotiations and to the integration of their economies into the world economic order under fair and non-discriminatory conditions. In order for UNCTAD to play that role, it must coordinate with WTO, and the two organizations must support and balance one another.

17. The recent fifteenth National Congress of the Communist Party of China had proposed a new development strategy to stimulate China's foreign trade and economic cooperation. The strategy envisaged, *inter alia*, a further reform of the system in those two areas and the drafting of appropriate legislation, opening the service sector to the outside world in an orderly manner, giving favourable treatment to foreign enterprises and investors, and active participation in regional economic cooperation and the multilateral trade system. It should be mentioned that as of 1 October, China had lowered its average tariff from 23 per cent to 17 per cent, thus demonstrating once again that it was determined and confident about further opening up its economy and competing and cooperating internationally.

18. As globalization, liberalization and interdependence grew, the international community, and the developed countries in particular, had to take a forward-looking view of North-South and South-South cooperation and take practical action to support the economic trade development of the developing countries. It should be emphasized that the overall prosperity of the developing countries and the eradication of poverty in the least developed countries had to be the focus of development in the coming century.

19. **Ms. Arystanbekova** (Kazakhstan) said that the conclusions and recommendations set out in the report of the Secretary-General (A/52/329) would help focus the efforts of international organizations, donor countries and the Governments of landlocked States to devise and implement effective measures for resolving the infrastructural transport problems of countries in an unfavourable geographical situation.

20. The UNCTAD document reviewing progress in the development of transit transport systems (TD/B/LDC/AC.1/10) emphasized the negative impact of the geographical situation of landlocked countries on their foreign trade, among other reasons because of the increased cost of transporting their foreign trade cargo. It was noted in particular that the capitals or main cities of the Central Asian Republics were furthest from the nearest seaports, the distance in the case of Kazakhstan being 3,750 kilometres. The Republic of Kazakhstan attached the highest importance to resolving the problem of access to international trade routes and, in cooperation with the international community, was taking appropriate steps. Her Government had formulated strategies and programmes to develop its infrastructure in order to improve the competitiveness of the national transport and communications system in the world market and increase trade flows throughout the nation's territory. The development of Kazakhstan's transport and communications system rested on three principles: the establishment of a rational transport environment that was integrated into the global network and ensured access to the sea; the modernization of road, railway, port and airport infrastructures and of water routes; and the improvement of the structure and management of the system. Kazakhstan also attached importance to other aspects, such as the establishment of an appropriate regulatory and legislative framework and a staff training system, and greater cooperation with neighbouring States. To that end, fifty-five bilateral and multilateral agreements on international transport had been concluded, and Kazakhstan had acceded to various conventions concerning road transport, civil aviation, and maritime and inland waterway transport.

21. A special programme had been drawn up that focused on the international routes approved by the Economic and Social Commission for Asia and the Pacific and the Economic Cooperation Organization; under that programme, five international routes to ensure communications between her country's main industrially developed regions and neighbouring States, which would carry the bulk of the transit transport between those countries, were to be rebuilt and modernized by the year 2000. In accordance with the recommendations of the Third Meeting of Governmental Experts from Landlocked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions, held in New York in June 1997, her country was continuing work on reform of the State sector by privatizing the enterprises that operated the railways and air, water and road transport facilities. It was also adjusting its tariff policy in the light of the requirements of the market system and organizing multimodal transport and a servicing system for international transport.

22. Many of the measures being taken by her country were being implemented with the assistance and direct participation of international and regional organizations. Her country greatly valued the efforts of the United Nations specialized agencies and programmes, particularly UNCTAD and UNDP, to develop a transit transport system in the landlocked Central Asian States. The adoption of General Assembly resolution 51/168 and the Third Meeting of Governmental Experts had created new opportunities for the international community to provide her country and the

other Central Asian countries with the necessary assistance. Her country hoped that the cooperation in question would continue, and supported the proposal to hold the Fourth Meeting of Governmental Experts at United Nations Headquarters in 1999.

23. **Mr. Zaki** (Pakistan) said that his delegation associated itself with the statement made by the representative of the United Republic of Tanzania on behalf of the Group 77 and China. Referring to the *Trade and Development Report, 1997*, he said that the slower rate of growth in world trade and the decline in commodity prices that had started in 1996 had been disadvantageous to the developing countries. There had been a sharp deceleration of growth in imports in developed countries, and new forms of protectionism had emerged. There were signs that developed countries were seeking to protect inefficient sectors of their economies by restraining imports on various pretexts, such as concern for the environment and the rights of workers in the developing countries. The developing countries were committed to fulfilling such responsibilities, but the linkages that were being created between those areas and purely trade concerns could not be accepted. Impeding the exports of developing countries and harming their economic performance would make it even harder for them to address environment and labour issues.

24. It was also disturbing to note that, although WTO had been functioning for two and a half years now, the benefits to developing countries were hardly visible; WTO was in fact working to the disadvantage of the developing countries. In several cases, developing countries had been denied the benefits of developing-country status at the time of their accession to WTO. Moreover, it was iniquitous that the developing countries were being asked to give up their right to take import-control measures to solve their balance-of-payment problems and that, despite the protection afforded by the new agreements, the threats of unilateral action had continued persistently. In the services sector, significant and rapid progress had been made in areas of interest to the developed countries, such as liberalization of financial services and telecommunications, whereas liberalization of movement of labour had been left practically unattended. In the textiles sector, the developed countries had liberalized only those items that had never been under restraint under the Multi-Fibre Arrangement; one was therefore forced to question their commitment to apply normal GATT rules to the textiles sector at the beginning of 2005.

25. Government capacity to analyse the increasingly complex global trade environment must be enhanced. The presence of UNCTAD in New York must therefore be strengthened so that United Nations deliberations on economic matters could be enriched by that organization's expertise on trade, finance and development issues. In addition to taking international action to maintain movement towards a fair trade environment, countries needed to embark on policies that allowed them to take advantage of liberalized markets. His country had deregulated the trade and investment sector and had in fact been the first country in the region to open up its equity markets to foreign investment. It had also ensured statutory protection for foreign investment; provided incentives for setting up production facilities in special industrial zones and export processing zones; offered financial benefits, such as tax breaks, for the establishment of industrial units in rural and less developed areas and the modernization of export-oriented industries; and was improving infrastructure to cater to the needs of industry. His country was committed to the attainment of an equitable, rule-based and non-discriminatory global trade regime. It was also committed to ensuring greater access for goods and services to its own markets. It hoped that all countries, especially developed countries, would be guided by the same principles in formulating their trade policies.

26. **Mr. Hajayandi** (Burundi) said that his country was being hindered in its efforts to gain access to international markets by its lack of transport and communications capacity, including the inadequate training of managerial personnel. Referring to the report on specific actions related to the particular needs and problems of landlocked developing countries (A/52/329), he said that in many cases transit countries had not fulfilled their commitments to facilitate the transit of goods. It was regrettable that the developed countries had reduced the level of their assistance to developing countries in general and to landlocked countries in particular; he called for a relaunching of the collaboration between landlocked, transit and donor countries, with technical support from the UNCTAD secretariat. His delegation supported the statement by Mongolia on behalf of the landlocked developing countries, that the UNCTAD secretariat post of director responsible for the least developed countries, landlocked developing countries and developing island countries should not be abolished.

27. His delegation wished to place emphasis on the assistance provided by the UNCTAD secretariat in reviewing the Northern Corridor Transit Agreement in which Kenya, Uganda, Rwanda, the Democratic Republic of the Congo and his own country were participating. Use of the port of Mombasa was of particular importance to his country. He encouraged UNCTAD to continue to provide technical support to the Transit Transport Coordination

Authority of the Northern Corridor and to do everything within its power to enable his country to use the corridor once again.

28. A number of countries in the region had either partly or completely lifted the economic embargo they had arbitrarily imposed on his country on 31 July 1996; the embargo had affected the most vulnerable population sectors, which were already suffering as a result of a crisis that had lasted 4 years. His Government was endeavouring to solve the social and political crisis his country was undergoing by means of a comprehensive dialogue and negotiations with all concerned parties, with support from the international community; Burundi once again condemned the economic and trade sabotage inflicted on it by a neighbouring country that was denying it access to the Indian Ocean by lake and rail. His delegation encouraged the UNCTAD secretariat to ensure that landlocked developing countries had access to the sea; to achieve that goal, it would be necessary to set up effective cooperation between landlocked, transit and donor countries.

29. **Mr. Bhetwal** (Nepal) said that it was now acknowledged that, without the capacity to trade in exportable goods, commodities and services, the developing countries could make hardly any headway in their difficult task of accelerating economic growth and achieving sustained economic development. It was also acknowledged that the least developed countries, especially the landlocked developing countries, had been left outside the mainstream of globalization. His country, which was both a landlocked and a least developed country, was deeply concerned about the decline in development resources, particularly official development assistance, and about the practice of considering the issue of landlocked developing countries on a biennial basis, despite the urgent attention it required.

30. The special problems of landlocked developing countries should be addressed by means of liberalization of trade regimes and promotion of an open and secure multilateral trading system, in which the least developed countries and the landlocked developing countries received assistance so that they could develop the necessary capacity to compete with other developing countries. Greater efforts would also be required to enable all developing countries to compete with the developed nations on an equal footing. The first step would be to reaffirm the right of landlocked countries to access to the sea and to freedom of transit through the territory of transit States by all means of transport, in accordance with international law. Developed countries could provide active and consistent support by opening up their markets to landlocked developing countries, in order to alleviate some of the problems faced by such countries. In that connection, his country acknowledged with gratitude the statements made by the European Union, Canada and Norway at the High-level Meeting of the Intergovernmental Group on the Least Developed Countries, held in October in Geneva, with respect to increasing market access for least developed countries; it hoped that other countries would make similar commitments. It had also welcomed the declaration of the annual ministerial meeting of the Group of 77 and China, held in December 1997 in New York, which made a specific reference to the special problems and needs of the landlocked developing countries and called on the international community to support those countries.

31. At the Third Meeting of Governmental Experts from Landlocked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions, held in June in New York, it had been acknowledged that high transit transport costs remained the major barrier to landlocked developing countries competing in world trade, and the international community had been urged to assist such countries and their transit neighbours in establishing a stable transit framework. His delegation wished to draw attention, in particular, to the Meeting's recommendation that the international community should provide support for the establishment of a computerized system for customs data and cargo information.

32. With regard to institutional mechanisms, it would be very useful if UNDP were to give UNCTAD assistance in implementing operative paragraph 10 of General Assembly resolution 50/97, which called for the convening of meetings of specific consultative groups to identify priority areas of action. Delegations were still awaiting the report that UNCTAD had been requested to prepare on the implications of the globalization and liberalization of the world economy for the development prospects of landlocked developing countries, which, together with the identification of priority areas of action and the subsequent programmes of action, was a prerequisite for holding the next meeting of governmental experts in 1999.

33. **Mr. Aujali** (Libyan Arab Jamahiriya) said that his delegation supported the statement by the representative of the United Republic of Tanzania on behalf of the Group of 77 and China. The developing countries' trade with developed countries had been a losing proposition: at a time when the prices of the developing countries' imports were skyrocketing, the prices of their exports had fallen sharply. That had led to a constant reduction in the developing countries' revenues, which had in turn had an adverse effect on their development projects. The developing countries'

industrialization aspirations had not been realized, making those countries a cheap source of agricultural products, which depended on unskilled labour. Official development assistance had declined and bilateral aid was being burdened by excessive conditions imposed by developed countries, which impeded the transfer of modern technology. Furthermore, unilaterally imposed coercive laws prevented developing countries from achieving the degree of economic and technical development that would enable them to catch up with the developed countries.

34. In many African countries, "structural adjustment" programmes had not led to an increase in per capita income, which raised disturbing questions as to the effectiveness of reform and adjustment in accordance with the model propagated by the developed countries. Treatment for problems relating to development, trade, and political and social reform of States was comparable to treatment of human diseases: it was impossible to write one prescription to treat all ills, ignoring the unique characteristics of each particular case. Where development issues were concerned, more attention should be paid to the importance of social and other factors, particularly the unique characteristics of different communities.

35. With respect to economic measures as a means of coercion against States, he recalled resolutions 50/96, 51/17 and 51/22, in which the General Assembly called for an end to the coercive economic measures and economic embargoes imposed on innocent developing countries whose only sin was that they made their own political, economic and social choices of their own free will. Despite the international community's desire to remove all obstacles to international cooperation with a view to promoting economic development, such extraterritorial laws remained in effect. Sanctions had been imposed on companies and individuals engaged in legitimate business, under bilateral agreements for the transfer of technology, capital and expertise to a developing country seeking to exploit its own resources on its own territory.

36. The imposition of United States legislation, such as the D'Amato Law and the Helms-Burton Act, contradicted not only international laws and conventions but also the value and ethics of civilized society where the choices of peoples were respected and international cooperation and understanding were enhanced. Policies based on economic embargoes and blockades derived from old-fashioned views that had been rationally rejected and superseded. Although earlier it might have been acceptable to use boycott methods, their use today, at a time when the world was calling for greater cooperation in combating the poverty, ignorance and backwardness that many developing suffered from, was indicative of a reactionary attitude. His delegation therefore called on the international community to reject those unilateral laws, which ran counter to the norms of international law and the Charter of the United Nations.

37. **Mr. Al-Hitti** (Iraq), referring to the difficulties faced by developing countries in adjusting to a new economic environment in the context of globalization, stressed the need to eliminate restrictions on the free circulation of commodities and technology; particular attention must be paid to the special requirements of developing countries by adopting measures to prevent them from being marginalized and to ensure their participation in the world economy, with a view to achieving true cooperation between developing and developed countries, on an equal footing, and rejecting the use of coercive measures. Hence the importance of relaunching the dialogue on development and covering all aspects of the subject, including international trade. The developing countries must protect themselves from threats to and discrimination against their commodities. To that end, North-South and South-South cooperation must be strengthened, as well as cooperation between regional groups.

38. The majority of United Nations Member States and specialized agencies had rejected the use of economic measures as a means of political and economic coercion against developing countries because they considered that it was a violation of international law, the Charter of the United Nations and the principles of free trade, and that it did not promote a favourable economic environment conducive to the achievement of United Nations objectives for sustainable development. The report of the Secretary-General (A/52/459) noted that the imposition of coercive measures had a grave impact on the affected countries, in particular on the most vulnerable sectors of their populations – children, women and the elderly – and distorted international economic relations. His delegation urged those countries using such measures to renounce them, in accordance with the principles of free trade and heeding the call of the international community in the General Assembly resolution on that subject.

39. Achieving sustainable development required the participation of all international development institutions, which should not be dominated by the rich countries. The United Nations was the appropriate forum for the reactivation of multilateral negotiations with a view to achieving balance in international cooperation for development. The time had come for the United Nations to fulfil its mandate in the economic and social sphere in order to achieve sustainable development based on equity.

40. **Mr. Radamtala** (Sudan) said that his delegation supported the statement by the representative of the United Republic of Tanzania on behalf of the Group of 77 and China. The General Assembly was aware of the adverse effects of coercive economic measures on the economies of developing countries and their negative impact on international economic cooperation and efforts to establish an open and non-discriminatory trading system. In its resolution 50/96 of 20 December 1995, the General Assembly had reaffirmed that no State could use or encourage the use of economic, political or any other type of measures to coerce another State in order to obtain from it the subordination of the exercise of its sovereign rights. The United States of America was unilaterally imposing coercive measures on developing countries without authorization from any relevant United Nations body. It had done so against the Sudan, concluding, from a flawed interpretation of the facts, that the policy of the Sudan constituted an extraordinary and unusual threat to its national security and foreign policy. A statement to journalists by the United States Government read in Washington on 4 November revealed its hostile intentions towards the Sudan by reiterating that it was important to increase pressure on the Sudan during the course of the current phase of the negotiations being held in Nairobi.

41. There was no doubt that the United States policy was ambiguous and applied a double standard towards the practices of Israel with respect to State terrorism, as was once again evident in the case of the recent assassination of a Palestinian militant in Jordan. The United States went against the will of the international community by not condemning Israeli practices in the occupied Arab and Palestinian territories and supported Israel by using its veto in the Security Council. That situation was also frequently repeated in the General Assembly. It was to be hoped that the United States would demonstrate its credibility as an economic and political power and abandon those policies which ran counter to the will of the international community in its treatment of certain of its members.

42. The international community must condemn all the bilateral economic blockade measures against the Sudan designed to impede its economic development and the restoration of peace in the country. In April 1997, the Government of the United States had welcomed the peace agreement reached between the Government and seven of the opposition factions in southern Sudan. Shortly before the negotiations were held in Nairobi, the United States Government had offered financial support to help in holding the peace talks. The imposition of sanctions and pressure against the Sudan were thus surprising, since the Government of the Sudan had made an effort to hold the talks and had an interest in their success. It might have been expected that the United States would only have threatened to impose sanctions, rather than actually doing so. Those sanctions went against such fundamental principles of international law as equality, sovereignty and non-interference in the internal affairs of States. The embargo also violated the principles and purposes of the Charter of the United Nations, the resolutions and decisions of the General Assembly and the Commission on Human Rights and the Declaration on the Right to Development. The economic blockade against the Sudan imposed bilaterally by the United States Government had not been authorized by the competent United Nations bodies, nor by any multilateral body, which showed a clear and total bias in favour of the tactics of fragmentation, division and separation adopted by the sole rebel faction which had remained outside the peace process in the Sudan.

43. The report of the Secretary-General on economic measures as a means of political and economic coercion against developing countries (A/52/459) contained statements from several States condemning the use of such measures. Countries had been brought to ruin by the use of force and unilateral measures and by rejecting the adoption and implementation of unilateral laws and regimes. Those coercive measures were opposed to the principle of peaceful coexistence and undermined international economic cooperation towards the establishment of a new, open and non-discriminatory economic order and trading system. The Government of the United States, in putting forward a policy of Balkanization in southern Sudan, had chosen clear and evident bias, against the legitimate desire of the Sudanese people and all the peoples of the region to achieve peace and development. Clearly, the United States must take responsibility for the consequences of its actions on the security and stability of the region and on the progress in the Sudanese peace process.

44. The legitimate aspirations of the Sudan were in accordance with the rulings of the General Assembly that each State had the inalienable right to choose its political, economic, social and cultural system, without any interference from any other State and that, by virtue of the principle of equal rights and self-determination enshrined in the Charter of the United Nations, all peoples had the right to choose their political system freely and without external interference, and to bring about their economic, social and cultural development. All States had the obligation to respect that right in conformity with the Charter.

45. **Mr. Muturi** (Kenya) said that most developing countries had not benefited much from the global trend of

positive economic growth, despite their persistent efforts to implement structural adjustment programmes. The marginalization of developing countries in the process of globalization and liberalization would further undermine their economic development. Most developing countries had undertaken broad trade policy reforms, adopting such bold measures as tariff reductions and aggressive export promotion programmes. Those measures, however, had not led to significant growth in the volume of exports, owing to the limited range of export commodities and inadequate access to markets. Sharp competition in liberalized markets had already had a negative impact on some enterprises which previously had enjoyed some measure of domestic protection. While that could be seen as the inevitable outcome of market behaviour, the social dimensions of that impact in terms of rising unemployment and poverty could not be ignored. In order for those countries to enjoy the benefits of globalization, multilateral assistance would be required in order to create an enabling environment for the development of external trade.

46. His delegation believed that UNCTAD still had the comparative advantage in addressing trade-related development issues and should continue to facilitate the integration of the developing countries into the international trading system in a manner complementary with WTO. In that connection, international trade should be governed by the multilateral trade agreements of the Uruguay Round and the World Trade Organization. It was also necessary to maintain a balanced approach to the relationship between environment and trade. His delegation expressed concern that attempts to introduce environmental and labour standards in the world trading system would further undermine the efforts of developing countries to expand their external trade.

47. His Government welcomed the WTO Plan of Action for the least developed countries adopted in Singapore in December 1996, as well as the initiatives taken by the European Union and the Government of the United States of America to change their generalized system of preferences in favour of the least developed countries in Africa. However, much still remained to be done to ensure that such initiatives achieved their objectives. He urged the international community to support the African, Caribbean and Pacific (ACP) States in their efforts to review their trade relations with the European Union within the framework of the Fourth Lomé Convention.

48. Cooperation among East African countries, involving Kenya, the United Republic of Tanzania and Uganda, had permitted the adoption of innovative measures to promote regional socio-economic integration, particularly in the area of trade. In a wider context, the Common Market for Eastern and Southern Africa (COMESA) continued to be the main vehicle for regional economic cooperation. He appealed for support for those regional initiatives that complemented the efforts of countries in the region as they strove to attain economic growth and sustainable development.

49. **Ms. Duda** (Poland) said that trade liberalization was of the highest importance to global economic development. The process of liberalization should include a genuine reduction in tariffs and the elimination of non-tariff barriers, protectionist practices and discriminatory activities in international trade relations. Governments should also adopt domestic investment policies based on the principles of multilateralism, liberalization and equal treatment. Her Government supported measures aimed at facilitating the access of developing country exports to the world market, which would also enhance the competitiveness of the economies of those countries.

50. Broadening relations with various international institutions responsible for trade and development was one of the most important elements of Poland's economic transformation process. Poland recognized that WTO was the most important institution in the area of international economic relations. As a member of WTO, Poland had nearly completed the incorporation into its customs policies of its commitments with respect to liberalization under the Uruguay Round. Moreover, the early admission of China, the Russian Federation and Ukraine to WTO and their full participation in the multilateral system of international trade were crucial to developing a liberalized world economy. Poland also recognized the important role played by the United Nations Conference on Trade and Development (UNCTAD) and appreciated, in particular, its assistance in the implementation of various projects that facilitated the integration of developing countries into the world economy.

51. The process of political and economic transformation that had been initiated in Poland in 1989 had produced important results and had enabled the country to gain admission to the Organisation for Economic Cooperation and Development (OECD) and to make substantial progress towards membership in the European Union and the North Atlantic Treaty Organization (NATO). Another important result of all those achievements was that, from a recipient country, Poland had become a donor country. The entire region of Central and Eastern Europe was undergoing rapid transformation that provided unprecedented opportunities for continuing the integration process, establishing an efficient security system, abolishing geopolitical divisions and gradually eliminating disparities in the area of development.

52. The inadequate development of financial infrastructure and the external debt created substantial problems for development. Lending as well as borrowing countries should take coordinated action with a view to cancelling and rescheduling the debt. Her delegation welcomed and supported the joint initiative of the International Monetary Fund (IMF) and the World Bank to resolve the problems of the heavily indebted poor countries. The United Nations should support that process by elaborating a legal framework with the participation of future investors and beneficiaries in order to provide guarantees to all the parties. Her delegation supported United Nations activities that promoted market-based economic reforms, structural adjustment, entrepreneurship and private sector development, capital flows, investments and trade expansion. International assistance to those countries that had undertaken economic reforms was of critical importance and must be continued.

53. **Mr. Staehelin** (Observer for Switzerland) said that the outcome of the forty-fourth session of the Trade and Development Board of UNCTAD showed unanimous and continuing support for the implementation of the reform provided for under the Midrand Declaration adopted by the ninth session of UNCTAD. Nevertheless, concern had been voiced by some delegations about the potentially negative impact of globalization. The Trade and Development Board's discussions had concentrated on the increasing disparities in income distribution and the rising concern about slow economic growth in industrialized countries. It had been recognized that achieving higher and sustainable growth was a necessary condition for dealing with poverty and labour market problems worldwide.

54. It had been generally recognized that globalization could be a powerful engine for growth. Without denying the challenges of adjustment and liberalization, the willingness to open markets and to provide an enabling environment had to be reaffirmed. An open trading system was also important for the essential flow of information and technology around the world, which brought new opportunities to developing countries.

55. Concern had been expressed that the liberalization of their external economic and financial regimes would make some developing countries more vulnerable to fluctuations of private capital flows on international financial markets and to fluctuations of their own currencies. It had therefore been proposed that current trends in global financial markets should be further analysed in order to make recommendations on ways to address the problem of fluctuations. It should be noted that, in recent years, developed countries had also experienced sharp fluctuations in private capital flows. Nevertheless, experience had shown that the capacity to cope with such fluctuations depended to a great extent on the existence of stable macroeconomic policies. His delegation supported further study on that issue; however, due attention should be given to the application of non-interventionist measures.

56. His Government supported the convening of a third United Nations Conference on Least Developed Countries, and suggested that it should take place early in the year 2001. Special attention should be given at that Conference to the situation of countries in crisis and to the possibility of finding solutions to their problems through enhanced regional cooperation. Furthermore, his delegation recognized the important role that the private sector could play in fostering development, especially in areas relating to infrastructure, services and the environment. Measures to make private participation feasible could strengthen incentives for better public service performance as well. In particular, his delegation welcomed the increased participation of the private sector in UNCTAD.

57. The political support for the Midrand process observed at the current year's session of the Trade and Development Board was an encouraging sign. The signs of turbulence in the world economy looming on the horizon made it even more important for the international community to follow the guidelines established by the ninth session of UNCTAD. His delegation was convinced that adherence to the Midrand Declaration would give the international community the necessary strength to meet the challenges that lay ahead.

58. **Mr. Okada** (Japan) said that, as a result of the process of globalization, the significance of trade and investment for the economic development of the developing countries had increased. At the same time, it was true that globalization had also led to fiercer competition for markets and foreign investment. Many developing countries had responded to the new opportunities by adopting a sound macroeconomic policy as well as policies that were growth- and market-oriented, and had thus achieved remarkable growth. Nevertheless, there were still countries which had yet to benefit from the trend towards globalization. If those countries, too, were able to achieve an economic take-off, it would be a major victory for the entire world, as the integration of the developing countries into the international economic system would be of enormous value to both developing and developed countries.

59. Whether or not developing countries could take advantage of globalization depended on several factors. First, in order to attract a greater inflow of capital, those countries should pursue sound macroeconomic policies and take steps to achieve the market-oriented liberalization of

their economies. Second, they must attach equal importance to enhancing socio-economic infrastructure, institution-building and human resources development. In that context, Japan had placed particular emphasis on the promotion of South-South cooperation. Third, an external environment must be created that was conducive to development, promoting stable commodity prices, exchange rates and interest rates. Japan was in favour of closer coordination between the United Nations system and international financial institutions and, accordingly, welcomed the decision to convene a high-level special meeting between the Economic and Social Council and international financial institutions. There was also a need for greater access to the markets of industrialized countries for exports from developing countries. In that connection, his Government was currently reviewing its generalized system of preferences to enlarge access for the least developed countries to its market.

60. In order to respond to the concrete problems of individual countries, all those conditions must be met in an integrated manner. Thus, both a comprehensive and an individualized approach was needed, along with the cooperation of all development partners. Once a national Government took the initiative in formulating a strategy for achieving increased competitiveness and making its economy more attractive, the donor community must provide coordinated support. That was the core concept of the new development strategy which his delegation had been emphasizing. To promote African development by implementing that new strategy, in cooperation with the United Nations and the Global Coalition for Africa, Japan would host the Second Tokyo International Conference on African Development. Japan would continue to participate in joint efforts to make the world a more prosperous place for a greater number of people, through the benefits that trade and investment could confer.

61. **Mr. Asadi** (Islamic Republic of Iran) said that his delegation supported the statement made by the representative of the United Republic of Tanzania on behalf of the Group of 77 and China on trade and development in general, and in particular on the importance of an open, rule-based, equitable, secure, non-discriminatory, transparent and predictable multilateral trading system. His delegation believed that the adoption by the General Assembly of resolution 51/22, entitled "Elimination of coercive economic measures as a means of political and economic compulsion", represented a timely initiative and an appropriate response by the Assembly to the issue of the application by some Member States of unilateral and extraterritorial measures against other Member States. The exercise of power through such illegal means as unilateral actions and the imposition of coercive economic measures against other countries in order to achieve unjustifiable objectives served as a clear and unmistakable example of the emergence of a dangerous trend towards unilateralism.

62. As underlined in General Assembly resolution 50/96, unilateral coercive economic measures were inconsistent with the principles contained in the Charter of the United Nations and were therefore inadmissible. In 1996, the Organization of the Islamic Conference, the Movement of Non-aligned Countries and the Group of 77 and China, at their respective ministerial meetings, had taken a categorical position against that practice. Resort to unilateral actions and extraterritorial application of domestic laws adversely affected the economy and development of developing countries, undermined international cooperation not only in the economic sphere but also in the area of peace and security, and threatened the credibility of such values as the rule of law, which were the foundations of international relations.

63. Unilateral coercive measures violated the principles of non-intervention in the internal and external affairs of States, as well as the exercise of their sovereign rights, as stipulated unequivocally in several United Nations resolutions and international agreements. An example of coercive economic measures were those taken by the United States against the Islamic Republic of Iran under the D'Amato Act, a clear violation of the rules of international law, including the principles of the Charter of the United Nations and the principle of freedom of international trade. That Act also ran counter to the treaty obligations of the United States to the Islamic Republic of Iran.

64. The Islamic Republic of Iran was of the view that the United Nations could and should take effective action to discourage Member States from resorting to the imposition of coercive economic measures; it suggested that the Second Committee, and for that matter, the General Assembly, should adopt a resolution reiterating and reaffirming the position of the international community on such measures.

65. **Mr. Oberholzer** (South Africa) said that his delegation associated itself with the statement of the representative of the United Republic of Tanzania on behalf of the Group of 77 and China. After years of debate, and in view of the recent financial crises, it was clear that the multilateral bodies should study the links between globalization and liberalization and issues related to currency, financial markets and exchange rates, as well as their possible impact on trade and development. Therefore, he welcomed the intention of the UNCTAD secretariat to

engage in further research during 1998 on the causes of those crises and their implications for development efforts. An understanding had also emerged within the international community that economic growth and development could not be addressed without also addressing social concerns. Efforts by the international community to promote development must be mutually supporting and reflect a country's real needs. His Government welcomed the intention of UNCTAD to continue its work in the area of economies in regress and the launching of the integrated country programme for the least developed countries. It would watch with interest how the sponsors, international organizations and bilateral donors received the outcome of the high-level meeting on the integrated framework for trade-related technical assistance to the least-developed countries, to be held under the auspices of the World Trade Organization.

66. Two basic issues arose concerning the work of UNCTAD: first, the need to ensure that the developing countries formulated a positive trade agenda, which was essential if the multilateral trading system was to be maintained; second, the need to provide the necessary technical assistance and support to ensure that all countries could participate fully in international trade and in the rule-making process.

67. As to the increasingly frequent use of information technology by UNCTAD, such technology should also be used to give impetus to the development efforts of developing countries. That issue, together with the reforms of the secretariat and the work programme already in progress, reflected the successful implementation of the outcome of the ninth session of UNCTAD. In its capacity as President of that session, South Africa urged all members of the Second Committee to ensure that their Governments made contributions and sent high-level representatives to the meeting in Geneva where the mid-term review would be conducted.

The meeting rose at 5.45 p.m.